

**IN THE SPECIFICATION:**

Please replace paragraph [0023] with the following amended paragraph:

01  
[0023] According to one embodiment, the punching operation for formation of the tabs 110 is performed once the sheet has been positioned at a desired punch position in the sheet transport path by the precision paper drive 30 ~~130~~ 130. The sheet 100 is preferably movable in an X direction substantially perpendicular to the edge on which the tab is to be formed and the punch 102 is preferably movable in a Y direction substantially parallel to the edge. The controlled motion of the sheet in the X direction locates the paper so that the cutting edge of the punch 102 is at a specified location to form the edge of the finished document. The motion of the punch in the Y direction locates the tab and allows the punch to move to both sides of the tab 110 for punching sheet material at both sides of the tab. Alternatively, the punch 102 may be movable in both the X and Y directions to position the tab 110.